"Selected skills required for sustainable small and medium businesses"

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Jean-Marie Mwepu Mbuya (South Africa), Maria Bounds (South Africa), G. Goldman (South Africa)

Selected skills required for sustainable small and medium businesses

Abstract

The objective of the study was to determine to what extent the selected skills contribute to the growth and the sustainability of small and medium businesses.

In an attempt to understand the underlying factors contributing to the high failure rate of small and medium businesses, this study focused on the extent to which small and medium business owners from two age groups perceived five identified skills generally associated with entrepreneurial and business behavior as conducive to either success or failure.

A lack of entrepreneurial and business skills impacts on the growth and survival of small and medium businesses in the Johannesburg Metropole. A quantitative study approach using structured survey questionnaires was used amongst 150 small and medium businesses in the Johannesburg Metropole. Factor analysis was used to analyze the responses gathered from the survey.

Findings indicated that all selected entrepreneurial skills (leadership, creativity and innovation, networking, goal-setting and time management) appeared to be critical for small and medium businesses sustainability and growth.

Although previous researches have indicated that entrepreneurial skills played crucial role in small and medium businesses sustainability, this study highlighted some of the key skills and attributes that SMEs owners should possess in order to operate their business ventures successfully.

Keywords: small and medium businesses, leadership, creativity and innovation, goal setting, time management and quantitative research.

JEL Classification: L26, C.

Introduction

Van Scheer and Radipere (2005) stated that the lack of entrepreneurial skills appeared to be the main reason for the failure of small and medium businesses (SMEs) in South Africa. Rogerson (2008) conducted an investigation into the challenges faced in terms of SMEs development and found that over the past ten years research emphasized that South African entrepreneurs had very limited skills, hence, the importance of training in acquiring skills for business development.

Similarly, the Global Entrepreneurship Monitor (GEM, 2008) reported that potential entrepreneurs lacked the mind-set and the necessary skills to become true entrepreneurs. It was found that 90% of a sample of 1,000 entrepreneurs indicated that SMEs failed owing to a lack of necessary skills. This view is supported by Ismail (2012) who found that business skills are sorely lacking. Cant and Wiid (2013), indicated that most SMEs in South Africa experienced enormous skill challenges which impact on their ability to pass their second year of trading with failure rates up to 63%.

Small and medium business growth plays a crucial role in the economic development of a nation (Kovalainen and Hogstedt, 2006). According to Abor and Quarley (2010), small and medium businesses have the ability to ensure an equitable distribution of income, promote general economic welfare among all citizens, improve local market and make productive use of scarce resources. Similarly, Krasniqi (2007) indicates that SMEs also stimulate technological innovation and other aspects of economic and social development. Thus, SMEs have three attributes in a market economy: they develop markets, accumulate capital through trading and develop commercial culture and skills within the region (Clover and Darroch, 2005). As stated by Cant and Wiid (2013), SMEs contribute towards 91% of formal business activities and their contribution to GDP is estimated at between 51-57% of total GDP. Nicolaides (2011) asserts that South Africa is estimated to have approximately two million SMEs and employs roughly about 55% of the country’s labor force which comprises approximately 42% to the countries wage bill.

SAICA (2015, pp. 1-4) states the government has set targets of reducing unemployment rate from 25% to 14% by 2020 and by 6% by 2030. Furthermore 90% of new jobs will be created by SMEs by 2030 as per South African National Development Plan (NDP). Groepe (2015, p. 5) states that the South African government in 2014 allocated R1 billion to the Department of Small Business Development to support programs dealing with SME’s development. Groepe (2015, p. 5) states that Deputy Minister of Trade and Industry, Elizabeth Thabethe estimated the number of SMEs in South Africa to 2.8 million and their contribution to employment to 60%. Groepe (2015, p. 5) further states that SME’s contribution to GDP is estimated to be between 52-57%.

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Entrepreneurs are required to have knowledge of specific categories of activities that are crucial for the sustainability of their business ventures. These categories of activities include leadership skills, networking skills, financial management skills, human resources skill and marketing skills (Pyysiainen, Anderson, McElwee and Vesala, 2006).

Homer (2001) indicates that management skills are crucial to entrepreneurial success. Pretorius, Millard and Kruger (2005) purport that entrepreneurial performances are a combination of entrepreneurial skills, motivation and business skills. According to Nieuwenhuizen (2008), entrepreneurial skills are skills that are conveyed in people’s behavior and are linked to personal and interpersonal capabilities. Three groups of competencies are associated with entrepreneurial skills namely pro-activeness, achievement orientation and commitment to others.

Based on the above a three-dimensional model developed by Botha, Nienan and Van Vuuren (2006), which state that through entrepreneurial training and education, entrepreneurs can gain a certain level of skills that is crucial for their performance. The following skills are:

- **Entrepreneurial skills**: Creativity, education, risk-taking, goal-setting and opportunity identification skills are the key attributes that will enhance entrepreneurial awareness.
- **Business skills**: These include human capital management, knowledge management and technical expertise crucial for an entrepreneur.
- **Motivation as a skill**: This skill includes personal factors such as leadership, networking and commitment to succeed and perform in the business environment.

The researcher identified the following five skills from above for this study, namely leadership, creativity and innovation, networking, goal-setting and time management to research and see if is essential for successful managing of SMEs.

### 1.1. Leadership skills

The role of leaders in an organization can be summarised as follows: setting direction, aligning people, motivating and aspiring others. Leadership competencies refer to the knowledge, skills, abilities and attributes required of leaders in order for them to perform their duties efficiently. They need to understand the global nature of their business and be able to analyze the trends and market conditions (Das and Kumar, 2010).

### 1.2. Creativity and innovation skills

Creativity is the essence of entrepreneurship in the sense that it is needed in order to spot the patterns and trends that set targets (Pretorius, Kruger and Millard, 2005). Creativity is not a useful or desirable component of entrepreneurship, but it is, in fact, the central feature of this phenomenon. Without creativity, there would not be any entrepreneurship. In every situation, the initial process of entrepreneurship must be creative potential for the entrepreneur (Stokes et al., 2010). It is important to encourage creativity education in order to develop entrepreneurial skills. These may include training for enhancing creativity, overcoming the barriers to becoming creative, critical thinking development, creative thinking and personal attributes (Pretorius et al., 2005).

In a more modern sense, the word innovation refers to the process of turning ideas into opportunities for value creation (Stokes, Wilson and Mador, 2010). The intellectual capabilities of the entrepreneur improve innovation and continued ability to create and deliver products and services of the highest quality. Therefore, the knowledge of the entrepreneurs is a critical factor for the successful development of products and an increase in the innovative performance of the organization (Kibet, Samuel and Bitange, 2010).

### 1.3. Networking skills

Sigmund, Semrau and Wegner (2015), defined networking as “as the ability to develop friendships and build strong, beneficial alliances coalitions”. Ring, Peredo and Chrisman (2009) assert that networking in business provides the following benefits: it augments the ability to share knowledge, it improves access to market, easier access to technology, the safeguarding of propriety rights, the ability to share risks and the ability to increase speed in the market. Furthermore, Senik, Ladd, Entrekin and Adham
(2011, p. 260) maintain that networking in business can also assist SMEs at international level as they may provide “symbiotic” relationships with larger firms. It is also a significant means for learning about international opportunities and can motivate SMEs to penetrate the international market.

Social networks can have both a positive and negative influence on an SME’s success. Social networks include social obligations and responsibilities, and consequently resources may be deducted from the enterprise in order to meet the private obligations of an owner. Requests for money from members of the business owner’s family, or friends are practical examples. In this way, social networks can impact on business growth or cause business failure. Secondly, even for successful entrepreneurs, social networks may be an impediment to their success (Egbert, 2009). Networking through social media enables an organization to target a large audience of customers and keep in contact with them. The main social networks are Facebook and LinkedIn (Lacho and Marinello, 2010).

1.4. Goal-setting skills. The effectiveness of goal setting assumes the existence of goal commitment. It is accepted that if there is no commitment to goals, then goal setting does not work (Dodd and Anderson, 1996, p. 330). In order to attain assigned objectives successfully, it is important to first set targets first and then make decisions regarding acceptable shortfalls (Liccione, 2009, p. 28). According to Liccione (2009), goal-setting must be:

♦ Consistent: Goal commitment is maximized only if employees are held accountable for goals over which they have the most control. Employers must always ensure that their goals and objectives are fully understood and mastered by the employees and that they will be dedicated to their work.

♦ Attainable: It is the responsibility of managers to ensure that employees possess the knowledge, skills, abilities and a personal motivation in order to participate fully in the vision and mission of the organization.

♦ Clear: Goals must be clear and the objectives and sub-objectives of the organization, as well as the approach that will be used in order to attain those objectives must be expressed in a simple way.

1.5. Time management. Time management refers to an attitude of personal commitment and, more importantly, a dramatic reordering of priorities and work practices. Time management includes a combination of time assessment, goal setting, planning and monitoring of activities (Hafner and Stock, 2010). Time management is a critical skill for success in business. The notion of time in business is becoming crucial owing to the fact that expanding globally requires an improvement of speed of telecommunications and pressure to get one’s services and products to market (Fischer and Lehman, 2005). Effective management of time increases the ability of employees to perform their duties within the allocated time and leads to job satisfaction. In today’s competitive environment, managers who misuse their time are at a distinct disadvantage. Time management does not provide solutions to management problems. It does, however, provide the discretionary time in which the manager can find those solutions, plan for the future, and assess overall progress (Farooq, Rehmani and Afridi, 2010).

2. Purpose of the paper

The purpose of the study was to determine to what extent the selected entrepreneurial and business skills contribute to entrepreneurial success.

2.1. Problem statement and objective. Literature emphasizes the fact that entrepreneurial, business skills and competencies enable owners to run their businesses more effectively (Rogerson, 2001). The reality of SMEs in South Africa is that generally business owners have a good picture of what they intend to do. The problem is related to their inability to execute their intentions and sustain their businesses (Van Eeden, Viviers and Venter, 2003). From literature, it can be deduced that some business owners lack specific skills for successful management of their businesses.

The following research question was formulated: How do the selected entrepreneurial and business skills contribute to the success of small and medium businesses?

2.2. Methodology. The research approach used in this study was quantitative using questionnaires. The statistics obtained in a quantitative analysis are displayed in the form of frequency histograms or as complex as the multivariate statistics of structural equation modelling (Sapsford and Jupp, 2006). In order to conduct quantitative research successfully, the researcher was required to ensure that all respondents were asked appropriate questions. Thus, an extensive literature review was done.

The researcher was interested in investigating the specified business and entrepreneurial skills required from SMEs in the Johannesburg Metropole. Therefore, all SMEs operating within the Johannesburg Metropole were included in the study regardless of their area of specialization. The sample frame was compiled through the use of various databases obtained from the Center for Small Businesses Development at the University of
Johannesburg and the Randburg Chamber of Commerce. A sample of 150 SMEs was randomly selected and the developed questionnaires were distributed electronically or by hand depending on the preference of the respondents.

The measuring instrument was divided into two sections. The first section (A) comprised questions relating to biographical information such as the gender, age, number of years in operation, business experience, qualification levels, involvement in entrepreneurial associations, registrations with small business support groups, number of employees and information relating to the sources of funding. The second section (B) comprised 28 questions relating to the selected five skills (see Appendix A).

Section A and B consisted of close-ended questions with numerical values. Section A questions were factual, this was to establish a respondent profile and for biographical purposes. The type of ordinal scale used in Section B of the questionnaire was a 5-point Likert type scale. Respondents were asked to indicate the degree of importance with all the statements in Section B. The five response categories provided for each statement in Section B were: extremely important, very important, neutral, low importance and not all important.

2.3. Ethical considerations. In order to ensure that this research met ethical standards, a cover letter was attached to the questionnaire, stating the following:

- The information gathered from the research will be treated with the strictest confidentiality.
- The anonymity of the respondents is ensured.
- The results obtained from the survey will be a true reflection of the current status of the organization and the results will be available upon completion in order to enable entrepreneurs to improve and sustain their businesses.

2.4. Data analysis. Collected data were analysed using the Statistical Package for Social Science (SPSS). Technical support for the analysis of the data was provided by Statkon of the University of Johannesburg. According to Partington (2002), quantitative research proceeds by using reliable and valid measures based on a representative sample of respondents. It is important to note that all quantitative data are not identical. Consequently the kind of data gathered using questionnaires dictate the type of analysis that needs to be performed.

The research used descriptive statistics as a tool in order to summarize the information that was gathered using questionnaires (Zikmund, 2003). The descriptive statistics were thereafter presented in the form of measure of location (mean, mode and median) and the measure of spread (variance, standard deviation and range).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>64</td>
</tr>
<tr>
<td>Female</td>
<td>37</td>
</tr>
<tr>
<td>Longevity</td>
<td></td>
</tr>
<tr>
<td>0-5</td>
<td>21.8%</td>
</tr>
<tr>
<td>6-10</td>
<td>34.7</td>
</tr>
<tr>
<td>11-15</td>
<td>14.9</td>
</tr>
<tr>
<td>16+</td>
<td>28.7</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>20-29</td>
<td>7</td>
</tr>
<tr>
<td>30-39</td>
<td>31</td>
</tr>
<tr>
<td>40-49</td>
<td>21</td>
</tr>
<tr>
<td>50-59</td>
<td>18</td>
</tr>
<tr>
<td>61+</td>
<td>17</td>
</tr>
</tbody>
</table>

Academic qualification levels. It was observed that 18.8% had Grade 12 Certificate, 29.7% had obtained certificates and diplomas or attended short-courses, 25.7% had higher education qualifications and 25.7% were in possession of post-graduate degrees. All participants had attained a form of an academic qualification level and could therefore understand the purpose and importance of the survey conducted.

Involvement in entrepreneurial association. Entrepreneurial association aims to foster knowledge sharing and networking. The survey showed that 21.8% of respondents were actively part of entrepreneurial association opposed to 78.2% that were not involved.

Registration with small business support groups. The survey indicated that 69.3% of the respondents were not registered with small business support associations compared with 30.7% that were registered. Small business support groups usually aim to provide support and guidance to business owners.

2.5. Findings relating to statistics-specified entrepreneurial and business skills. An outline of the statistical procedures and techniques for the research is given below. In Tables 2-4, the selected skills namely leadership, creativity and innovation, networking, goal-setting and time management are specified.

The Cronbach’s Alpha test aims to ensure the reliability of the sample through intercorrelation analysis of every pair of items in a sub-scale in order to measure to what extent they correlate with each order. The sample become reliable if they are highly correlated (The scales must be above 0.75). All scales were higher than 0.75. Therefore, it can be argued that all the selected entrepreneurial skills demonstrated a high internal consistency according to Cronbach’s Alpha as depicted in Table 2 below:
Table 2. Cronbach’s Alpha

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>0.824</td>
</tr>
<tr>
<td>Creativity and innovation</td>
<td>0.859</td>
</tr>
<tr>
<td>Networking</td>
<td>0.873</td>
</tr>
<tr>
<td>Goal setting</td>
<td>0.855</td>
</tr>
<tr>
<td>Time management</td>
<td>0.855</td>
</tr>
</tbody>
</table>

The Kaiser-Meyer-Olkin test was performed to measure the adequacy of the sample and to check whether the researcher could proceed with factor analysis. A higher KMO means that a factor analysis of the variable was possible because a correlation between the pairs of variables could be explained by the other variables (Maree, 2007).

The researcher obtained a KMO ranging from 0.838 to 0.862 which is above the required 0.75. The high KMO obtained confirmed in Table the fact that the set of data was suitable for factor analysis.

Table 3. Kaiser-Meyer-Olkin (KMO)

<table>
<thead>
<tr>
<th>KMO Statistics</th>
<th>leadership</th>
<th>creativity and innovation</th>
<th>networking</th>
<th>goal setting</th>
<th>time management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>0.862</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creativity and innovation</td>
<td>0.851</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Networking</td>
<td>0.862</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal setting</td>
<td>0.838</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time management</td>
<td>0.847</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 4 displays the Total variance by each factor which yielded between 42.4 and 53.4%. Factor analysis was performed to test the unidimensionality of the five entrepreneurial skills. The dataset was suitable for factor analysis as there were several significant correlations above 0.30 among the measured variables (Tabachnick and Fidell, 2006). Factors were extracted using principal axis factoring.

Each factor analysis resulted in one-factor solution, when Kaiser’s criterion of an eigenvalue (Tabachnick and Fidell, 2006) equal or greater than 1 was used as a cut-off point to indicate a reasonable amount of variance explained by the factor. One-factor solution suggests that the variables within each scale were measuring the same latent construct, namely the skill of leadership, the skill of creativity and innovation, the skill of networking and trust, the skill of time management, and the skill of goal setting and commitment.

Table 4. Total variance

<table>
<thead>
<tr>
<th>Total variance</th>
<th>Cumulative %</th>
<th>% of variance</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership</td>
<td>49.943</td>
<td>42.372</td>
<td>42.372</td>
</tr>
<tr>
<td>Creativity innovation</td>
<td>59.513</td>
<td>53.381</td>
<td>53.381</td>
</tr>
<tr>
<td>Networking</td>
<td>57.550</td>
<td>51.537</td>
<td>51.537</td>
</tr>
<tr>
<td>Goal setting</td>
<td>57.698</td>
<td>50.858</td>
<td>50.858</td>
</tr>
<tr>
<td>Time management</td>
<td>59.591</td>
<td>51.802</td>
<td>51.802</td>
</tr>
</tbody>
</table>

3. Discussion of findings relating to the five specified skills

The objective of the research was to determine to what extent the selected five entrepreneurial and business skills contribute to small and medium businesses in order to manage their organizations successfully. The discussions of findings relating to each of the selected skills are reported below.

3.1. Skill of leadership. In the literature review, it was mentioned that the primary functions of leaders included setting direction and aligning people and motivating and inspiring people. The secondary role of a leader focused on the competencies required of an efficient leader in order for him to manage an organization successfully (Das et al., 2010, p. 198).

The analysis revealed that the respondents had a clear understanding and knowledge of the characteristics of efficient leaders. The majority of the respondents emphasised the fact that “job experience” constituted a critical factor led to the improvement of leadership skills. The two groups (40 years younger and older than 40 years) were further classified according to the number of years in operation and in view of the fact that leadership skills were mainly performed better if the entrepreneur had greater business experience.

It was also established that people with different years of business experience as well as varying numbers of years in operation demonstrated the same view about leadership skills. Furthermore, the respondents emphasised the need for entrepreneurial education and training as a tool for improving the ability of the owners of SMEs to manage and motivate their employees more effectively.

3.2. Skill of creativity and innovation. Entrepreneurship is a form of creativity and can described as business or entrepreneurial activity owing to the fact that often new businesses are original, useful and transform opportunities into ideas as the establishment of viable growth-orientated businesses. Moreover, it is recognised that a differentiating factor defining the true entrepreneur is represented by the entrepreneurial skills of creativity and innovation. (Sarri, Bakouros and Petridou, 2010, p. 274). It is important to encourage creativity education in order to develop entrepreneurial skills. These may include training for enhancing creativity, the barriers to becoming creative, critical thinking development, creative thinking and personal attributes (Pretorius et al., 2005).

The analysis performed indicated that the respondents acknowledged the importance of creativity and innovation as competitive strategies for successful SMEs. The respondents also
accentuated the fact that financial resources played a key role in the implementation of ideas, but did not constitute the most important factor.

The success of the innovation process is influenced mainly by the personality of the owner manager, the ability of the firm to face and manage the external environment forces, the formality of the innovation management process, whether they have a culture supportive of innovation, their scarcity of resources, and the lack of bargaining power within markets (Mazzarol and Rebound, 2008).

The process of implementing ideas comprises four main phases namely; preparation, incubation, illumination and realisation. The two groups (40 years younger and older than 40 years) confirmed that the process should me mastered by any entrepreneur. Furthermore, the respondents acknowledged the importance of entrepreneurial training and education as a tool in order to improve the ability of entrepreneurs to implement creative and innovative ideas.

3.3. Skill of networking. The benefits of networking in business include the ability to share knowledge, improved access to market, easier access to technology, the safeguarding of propriety rights, the ability to share risk and the ability to increase speed in the market (Ring, et al., 2009). The notion of trust plays a crucial role in business relationships in the way that trust is “the expectation that some others in our social relationships have moral obligations and responsibility to demonstrate a special concern for the interests of others above their own”. There are different types of trust, depending on the degree of collaboration between entrepreneurs: high trust, low trust and zero trust or opportunistic trust (Porras, Clegg and Crawford, 2004).

The respondents acknowledged the importance attached to networking in business owing to the positive impact that it had on their organization. Networking in business enabled SMEs owners to build and develop strong business relationship with outside contacts and to share common challenges faced in the business environment. However, one condition that was attached to the decision to network was the notion of trust among SMEs owners. It was reported that SMEs embarked upon business relationship when there had been sufficient previous business collaboration.

3.4. Skill of goal-setting. Goal setting theory states that people have conscious goals and energise them and direct their thoughts and behaviors toward a particular end. Keeping in mind the principle that goals matter, managers set goals for employees or collaborate with employees in goal setting (Bateman and Snell, 2013). Goal setting in business enables business owners to have a clear picture of the needs of an organization and to develop an appropriate plan in order to operate smoothly.

The respondents understood the need to focus on the set goals of the organization in order to maximize their chances to succeed and that business goals were stated clearly in terms of costs, resources and activities.

A project plan of all activities should be drawn up and each task should be divided into smaller activities according to their level of importance in order to enable SMEs to use their time more effectively. Performing each individual task to the best of their ability would bring about job satisfaction.

Furthermore, the majority of respondents emphasised the importance entrepreneurship training and education as a tool to improve the ability of SMEs to set consistent and measurable goals. By providing adequate training, entrepreneurs would learn how to make more effective use of their resources.

3.5. The skill of time management. In today’s competitive environment, managers who misuse their time are at a distinct disadvantage. Time management does not provide solutions to management problems. It does however, provide the discretionary time in which the manager can find those solutions, plan for the future, and assess overall progress (Farooq, Rehmani and Afridi, 2010).

The analysis of the importance of time management appeared to be important for the respondents – they reported that it was important to look constantly for the best alternatives in the supply chain process in order to minimize the production or service process and maximize the profit. By managing time effectively, entrepreneurs were able to prioritize and perform their duties in a more organized manner which in turn improved job satisfaction.

The respondents also reported that “job experience” constituted an important factor in improving the ability of an entrepreneur to manage time more effectively. The principle of “learning by doing” supported the idea that the time management process was mainly improved through “job experience”.

4. Recommendations on the selective skills

Based on the above considerations, the following recommendations may be made regarding each selected skill.

Leadership skills may be improved through business coaching and mentoring in order to address the shortcomings of the formal entrepreneurship training and education programs. The nature and the
characteristics of a business determine the leadership style that should be adopted owing to the fact that respondents operated in different fields (construction, consulting, sales and marketing). It is therefore important for SMEs to demonstrate their ability to sum up situations and apply the suitable leadership style promptly. It is also suggested that SMEs ensure appropriate and effective use of the workforce by empowering them through decision making process and giving rewards in order to stimulate their commitment to work. Furthermore, SMEs should always be both flexible and dynamic in their duties. The right strategy will lead to an effective management of resources and create a pleasant, practical work environment that will enhance employee commitment and performance.

Creativity and innovation skills may be improved by combining business coaching and mentoring. It is necessary for all stakeholders to participate in extensive workshops and seminars in order to provide guidance on how to implement creative ideas from the preparation phase to the realisation phase successfully. An idea will only become valuable if it is well prepared and well designed. Usually, SMEs operate in a very competitive and dynamic environment. It is therefore always important to acknowledge the participation and contribution of the workforce. This can be done by finding a way to capture creative and innovative ideas from the workforce. Rewards and other incentives should be used to stimulate employees to participate actively in the development and growth of the organization.

Networking skills may be improved by making use of information technology tools such as social media, internet and so on. SMEs should also join and make effective use of professional network association such Chamber of Commerce and Industry, social network associations and so on. Owing to increasing competitive business environment and its impact on SMEs, owners should be more active in attending workshops and forums related to their field of interest.

In order to improve goal setting skills, SMEs should explain and share their aspirations and goals clearly with their employees. Effective communication should also be improved in order to increase efficiency. SMEs should also find innovative ways to get employees together in order to close the gap.

5. Limitations

The research was only conducted among small and medium businesses operating in the Johannesburg metropolitan area. The sample used for the study was relatively small considering the number of SMEs operating in the Johannesburg metropolitan. The time frame allocated for the data collection process was also very limited, therefore, only the questionnaires completed on time were used.

Conclusion

This study showed that the selected entrepreneurial and business skills namely leadership, creativity and innovation, networking, goal setting and time management are critical skills for small and medium businesses. There are other essential skills that also have a positive impact on the success of SMEs, but for the purpose of this study, only the selected skills were investigated. Previous researches indicated that SMEs were performing poorly owing to various factors which included the lack of entrepreneurial skills. Therefore, it is important to ensure that all the selected skills used for the purpose of this study are improved in order to ensure a sustainable growth of small and medium businesses in the Johannesburg Metropolis. The government makes use of the initiative SMEs to create jobs and alleviate poverty in the country. Huge financial investments are made for the development of the initiative. All stakeholders must therefore work hand in hand to ensure that the beneficiaries have the required capabilities to sustain their organizations.

Findings

Findings relating to biographical information. Table 1 represents aspects from the hundred and one responses of the respondents’ demography. As noted the majority of the small and medium owners were male, had been conducting business for a period of more than 16 years. Age group of 30 years and up represented the major group. The youngest business owner was 23 years and the oldest 82 years. The research subjects therefore had enough experience in managing a business and could provide correct feedback on the selected skills.

References


**Appendix A**

**Table 1. The skill of leadership – level of importance**

<table>
<thead>
<tr>
<th>Skill Description</th>
<th>Not at all important</th>
<th>Low importance</th>
<th>Neutral</th>
<th>Very important</th>
<th>Extremely important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leaders must demonstrate competence in their work</td>
<td>Count</td>
<td>0</td>
<td>1</td>
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</tr>
<tr>
<td>Leadership skills improves with business experience</td>
<td>Count</td>
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<td>Leaders must be effective at applying resources to support organizational programs</td>
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<td>Leaders must know how to motivate people</td>
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<tr>
<td>Training and education programs can improve leadership skills</td>
<td>Count</td>
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</table>

**Table 2. The skill of creativity and innovation – level of importance**

<table>
<thead>
<tr>
<th>Skill Description</th>
<th>Not at all important</th>
<th>Low importance</th>
<th>Neutral</th>
<th>Very important</th>
<th>Extremely important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-going innovation is a priority for the entrepreneur’s success</td>
<td>Count</td>
<td>1</td>
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<td>30</td>
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<td>23</td>
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<tr>
<td>The process of implementing creative ideas must be mastered</td>
<td>Count</td>
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<td>3</td>
<td>25</td>
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<td>16</td>
</tr>
<tr>
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<td>Row N %</td>
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<td>16.2%</td>
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<tr>
<td>Creativity and innovation lead to entrepreneurial success</td>
<td>Count</td>
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<td>4</td>
<td>24</td>
<td>46</td>
<td>24</td>
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<td>Creativity and innovation are mainly influenced by the entrepreneur’s knowledge of the industry</td>
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<td>37</td>
<td>20</td>
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<tr>
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<td>34.0%</td>
<td>37.0%</td>
<td>20.0%</td>
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<tr>
<td>Lack of financial resources limit the ability of an entrepreneur to implement creative ideas</td>
<td>Count</td>
<td>5</td>
<td>9</td>
<td>15</td>
<td>47</td>
<td>25</td>
</tr>
<tr>
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<td>8.9%</td>
<td>14.9%</td>
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<td>24.8%</td>
</tr>
<tr>
<td>The intellectual abilities of an entrepreneur constitute a strategic advantage that facilitates the implementation of creative and innovative ideas</td>
<td>Count</td>
<td>3</td>
<td>14</td>
<td>27</td>
<td>39</td>
<td>18</td>
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<td>26.7%</td>
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</tr>
<tr>
<td>Training and education programs improve creative and innovative thinking</td>
<td>Count</td>
<td>8</td>
<td>14</td>
<td>20</td>
<td>38</td>
<td>21</td>
</tr>
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<td></td>
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<td>13.9%</td>
<td>19.8%</td>
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<td>20.8%</td>
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### Table 3. The skill of networking and trust – level of importance

<table>
<thead>
<tr>
<th>Networking Skill</th>
<th>Not at all important</th>
<th>Low importance</th>
<th>Neutral</th>
<th>Very Important</th>
<th>Extremely important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networking in business lead to entrepreneurial venture success</td>
<td>0</td>
<td>3</td>
<td>31</td>
<td>45</td>
<td>22</td>
<td>101</td>
</tr>
<tr>
<td>Networking enables the sharing of knowledge and common challenges faced in business</td>
<td>1</td>
<td>3</td>
<td>30</td>
<td>49</td>
<td>18</td>
<td>101</td>
</tr>
<tr>
<td>Networking enables the entrepreneur to reach a large number of customers in a short period of time</td>
<td>3</td>
<td>6</td>
<td>26</td>
<td>46</td>
<td>20</td>
<td>101</td>
</tr>
<tr>
<td>Networking keeps entrepreneurs up to date</td>
<td>1</td>
<td>3</td>
<td>22</td>
<td>50</td>
<td>25</td>
<td>101</td>
</tr>
<tr>
<td>Networking protects entrepreneurs against negative trends in the market</td>
<td>4</td>
<td>6</td>
<td>39</td>
<td>39</td>
<td>13</td>
<td>101</td>
</tr>
<tr>
<td>Trust among entrepreneurs influence the decision to network</td>
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<td>4</td>
<td>30</td>
<td>49</td>
<td>17</td>
<td>101</td>
</tr>
<tr>
<td>Trust among entrepreneurs is built by years of collaboration in business</td>
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<td>4</td>
<td>20</td>
<td>54</td>
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<td>100</td>
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### Table 4. The skill of time management – level of importance

<table>
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<tr>
<th>Time Management Skill</th>
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<th>Low importance</th>
<th>Neutral</th>
<th>Very Important</th>
<th>Extremely important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time management forces the entrepreneur to become more creatively productive</td>
<td>0</td>
<td>6</td>
<td>19</td>
<td>54</td>
<td>22</td>
<td>101</td>
</tr>
<tr>
<td>Focused time management improves customer satisfaction</td>
<td>1</td>
<td>1</td>
<td>19</td>
<td>53</td>
<td>26</td>
<td>101</td>
</tr>
<tr>
<td>Time management skills enable the entrepreneur to prioritise tasks and complete most important projects first</td>
<td>0</td>
<td>1</td>
<td>6</td>
<td>57</td>
<td>30</td>
<td>101</td>
</tr>
<tr>
<td>Time management processes are mastered through the &quot;learning by doing&quot; process</td>
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<td>2</td>
<td>29</td>
<td>52</td>
<td>24</td>
<td>100</td>
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<tr>
<td>Effective time management improves job satisfaction</td>
<td>2</td>
<td>3</td>
<td>21</td>
<td>50</td>
<td>24</td>
<td>100</td>
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<tr>
<td>Training and education programs can improve the ability of the entrepreneur to use time more efficiently</td>
<td>4</td>
<td>13</td>
<td>20</td>
<td>42</td>
<td>21</td>
<td>100</td>
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</tbody>
</table>

### Table 5. The skill of goal setting and commitment – level of importance

<table>
<thead>
<tr>
<th>Goal Setting Skill</th>
<th>Not at all important</th>
<th>Low importance</th>
<th>Neutral</th>
<th>Very Important</th>
<th>Extremely important</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The process of goal setting needs to be mastered by the entrepreneur</td>
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<td>1</td>
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<td>57</td>
<td>31</td>
<td>101</td>
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<tr>
<td>Goals must be comprehensively set covering time, cost, resources and outcome</td>
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<td>0</td>
<td>16</td>
<td>54</td>
<td>31</td>
<td>101</td>
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<tr>
<td>Goals must be measurable and consistent with specific deadlines</td>
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<td>2</td>
<td>12</td>
<td>53</td>
<td>34</td>
<td>101</td>
</tr>
<tr>
<td>Goal setting process enables the entrepreneur to prioritise tasks</td>
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<td>10</td>
<td>62</td>
<td>26</td>
<td>100</td>
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<tr>
<td>Entrepreneurs must be committed to the organization’s stated goals</td>
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<td>1</td>
<td>18</td>
<td>50</td>
<td>31</td>
<td>100</td>
</tr>
<tr>
<td>Strengths, weaknesses, opportunities and threats analysis should be performed before setting goals</td>
<td>3</td>
<td>2</td>
<td>24</td>
<td>49</td>
<td>23</td>
<td>101</td>
</tr>
<tr>
<td>Training and education programs can improve the ability of the entrepreneur to set clear goals</td>
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<td>12</td>
<td>18</td>
<td>41</td>
<td>21</td>
<td>101</td>
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